RAJYA SABHA

Monday, the 20th August, 1990/the 29th Sravana 1912 (Saka)

Mr. Chairman in the chair.

The House met at eleven of the clock,

FELICITATIONS TO HONOURABLE CHAIRMAN ON HIS BIRTHDAY

SHRI SIKANDER BAKHT: (Madhya Pradesh): Mr. Chairman, Sir, before you start the Question Hour, I would like to offer my greetings to you on your birthday.

SHRI DIPEN GHOSH (West Bengal): Many happy returns of the day, Sir.

SHRI KAPIL VERMA (Uttar Pradesh): Sir, I also offer my greetings to you.

THE LEADER OF THE HOUSE (SHRI M.S. GURUPADASWAMY): Sir, on behalf of the entire House, may I felicitate you on your birthday?

MR. CHAIRMAN: Thank you. Now, Question No. 141.

ORAL ANSWERS TO QUESTIONS

Impact of the increase in Petroleum Prices by OPEC

*141. SHRI S.K.T. RAMACHANDRAN:†
SHRI KAPIL VERMA:

Will the Minister of PETROLEUM AND CHEMICALS be pleased to state:

(a) whether the recent increase in petroleum prices made by OPEC has any bearing on the price structure of petroleum products in this country;

(b) if so, what are the details therefore; and

(c) whether there is any proposal with Government to further increase the prices of petroleum products?

THE MINISTER OF PETROLEUM AND CHEMICALS (SHRI M.S. GURUPADASWAMY): (a) to (c) Even though the recent increase in petroleum prices made by OPEC will affect the cost of petroleum products, there is no proposal, at present, to increase the prices of petroleum products in the country. It is difficult to quantify the impact of the international price increases at this juncture due to the fluid situation, volatility of prices, as also the extent of imports which would be feasible during the year, keeping in view availability of crude and products and foreign exchange resources which would be required for the purpose.

SHRI S.K.T. RAMACHANDRAN: Sir, when I drafted this question, I did not visualise that in the contemporary world situation so many events would take place. Now, our Government has launched so many schemes and austerity measures to curb the consumption of petrol and petroleum products. Only after that, Sir, the OPEC countries hiked the prices. Following the hike in the prices announced by the OPEC countries, in the Middle-East, as you are aware, Sir, so many things have happened. Iraq has annexed Kuwait and, as a consequence of that, the UN has imposed sanctions against Iraq and America is imposing the blockade against Iraq. I would like to know from the honourable Minister whether, taking into consideration all these events, he would go in for more economy drives or austerity measures for curbing the consumption of

†The question was actually asked on the floor of the House by Shri S.K.T. Ramachandran.

petrol and petroleum products. Recently, Sir, the Orissa Chief Minister has resorted to going by cycle rickshaw. Will the Minister ask his colleagues even the Prime Minister and also the Chief Ministers of States to follow the same austerity drive? I would also like to know whether any statutory rationing of petrol is envisaged and what austerity measures to curb the consumption of petroleum products are contemplated?

SHRI M. S. GURUPADASWAMY: Sir, it is true that the Ministry introduced some austerity measures before the prices were hiked by the OPEC countries. On June 21, these measures were brought into force.

We visualised the situation. I may take the House into confidence and say that the situation on the oil front is not a happy one. We took some measures to create a climate of economy and austerity in the country so far as the consumption of petroleum products is concerned. These measures have come into operation from 1st July. We have to wait for some time to have the full impact of these measures. We can have an assessment made only later. It is true that the situation has been complicated because of the rise in prices of crude oil by OPEC countries. They have raised it to 21 dollars per barrel. As on today, it is much more than 21 dollars per barrel. It is near about 24 to 26 dollars per barrel. It may go up even to 30 dollars per barrel in the near future. This is the situation.

As a result of the Iraq-Kuwait conflict and the blockade, the situation may be further complicated in the sense that we may not be able to get oil so easily even if we have the foreign exchange. You know the situation regarding foreign exchange. So, we have so many constraints. Firstly, the international price of oil has increased. secondly, there is tremendous pressure on foreign exchange. We do not have foreign exchange. Thirdly, the demand-supply gap in the country for petroleum products is increasing all the time.

SHRI S.K.T. RAMACHANDRAN: Sir, it is reported that Saudi Arabia, the Soviet Union and Bahrain have come forward to supply crude to us. The Petroleum Minister has announced it today. Also , the United Nations is commited to help us. According to the Resolution which has imposed the sanctions, If any country is affected adversely because of these sanctions, the United Nations is obliged to help it. Have the Government approached the United Nations Council making any specific request to help us in the supply of oil? Has the Government approached the United Nations Council to help us to get over these adverse conditions? Has the Government any plan to step up oil production from offshore and on-shore sources of India? Has the Government any scheme to utilise the waste gas which is going up in sky-high flames in Bombay High? Has the Government any proposal to increase the storage capacity? If we had better storage capacity, we would have faced this particular crisis in a better manner. Taking this as a lesson, has the Government any proposal to increase the storage facilities for petroleum products in our country?

SHRI M. S. GURUPADASWAMY: Regarding the first part of his question, we are not going to the United Nations Security Council. I think he meant Security Council. We are trying to get supplies from other countries like Iran and Saudi Arabia. We are also contacting Russia, perhaps Malaysia and may be Indonesia. We have got some assurances.

SHRI S.K.T. RAMACHANDRAN: According to its rules, it

is obligatory on them to come to the help of any country which is affected by the sanctions.

SHRI M. S. GURUPADASWAMY: Sir, we are not going to the Security Council of the United Nations. We have got bilateral agreements and contracts with other countries. As I said, we are trying to impact from other countries like Russia. We are contacting them. We are also trying to get oil from Iran, Saudi Arabia and maybe Malaysia and Indonesia. Regarding the storage, Sir, we have limited storage. That is sufficient to feed our refineries. And we have been maintaining this inventory all along. And the inventory approximately lasts for about five weeks or so. That is there from the beginning. We are trying to maintain that inventory. Now there is depletion of this inventory of late because of these various developments. And we are trying our best to replenish the inventory.

SHRI S. K. T. RAMACHANDRAN : What about gas which is going waste in the Bombay High ?

SHRI M. S. GURUPADASWAMY : That does not arise out of this question.

SHRI KAPIL VERMA : Sir, in an interview given to the 'Hindustan Times' on the 15th of August, the hon. Minister has estimated that if the imports were limited to the last year's level and at a price of 21 dollars per barrel, he needs a foreign exchange of Rs. 3,000 crores. Now, as we know and as the Minister said, the cost per barrel is 28 to 30 dollars or so. And as we know, the foreign exchange reserve is in a very precarious position. The newspapers say that it is about Rs. 5,000 crores.

SHRI JAGESH DESAI : Rs. 7,000 crores.

SHRI KAPIL VERMA : And by the end of this month, it will be Rs. 4,000 crores which is just sufficient to meet the imports of only one month. And the news has been going round that the stocks are only for one month. The crux of the problem is, even if you manage the supplies from all over the world, the main problem is : How will you manage the foreign exchange to pay for these spot purchases ? And today's newspapers say in the front page story that the Finance Ministry has agreed to only Rs. 800 crores while you need such a big amount. How are you going to manage it ? What is the quantum of supply you are expecting from Saudi Arabia, Iran, Malaysia and Bahrain ? And what is the response of Australia, UAE and Indonesia ? And the USSR was supplying through barter trade from Basra in Iraq. That Basra oil field, as everybody knows, has been closed down. Through barter, we were paying them in rupees. The newspaper report says that they want hard currency now. Is the USSR demanding payment in dollars ? What alternative arrangements are you making for the supplies ?

SHRI M. S. GURUPADASWAMY : Sir, this requires a very detailed answer, but I would try to be brief.

SHRI KAPIL VERMA : You take the whole nation into confidence.

SHRI M. S. GURUPADASWAMY : I will take the House into confidence. That is why I said I will try to be brief, and I take the house also into confidence.

Sir, we had to import more than 18 million tonnes of crude this year. Out of this, part of it was to be purchased on spot. We have made some spot purchases when the crude prices were low. We were wise ; when the crude prices were about 17 dollars or 15 dollars or 16 dollars, at that

time, we purchased. And we have saved quite a bit of money on account of that. I do not have the figures just now but I can give them later. So, that has been done. Secondly, we have entered into contract with various countries. They are all bilateral contracts contracts with Saudi Arabia, Iran, Kuwait, Iraq and USSR. I can give you the figures. We co ıtracted for 8.75 million tonnes of crude oil from these countries namely Russia, Iraq and Kuwait. Out of this, the quantity lifted during April—July was 3.417 million tonnes. And the balance quantity to be lifted is 5.333 million tonnes. So ....(*Interruptions*) Let me complete. I will answer every question. Out of this, the quantity of 5.333 million tonnes may not be available now and we have to explore alternative sources for this quantity of crude oil.

May I add one more thing for the information of the House ? So far as petroleum products are concerned, we do not have products' import from Iraq. But with Kuwait, we have a term contract for 1.2 million tonnes of kerosene and 0.3 million tonnes of HSD per annum. For the current financial year, we have a balance of 0.775 million tonnes of kerosene and 0.2 million tonnes of HSD to come from Kuwait. Now, this may not be forthcoming. Therefore, we will have to explore other sources for this quantity. These are the difficulties, in short.

In regard to the depletion of the inventory, yes, the inventory is getting depleted because it is being used all the time. Therefore, our effort is to see that we get the supply from other sources; as I said, from these countries. For the information of the House, may I say that under the agreement, Russia is supplying us only Iraqi crude ? This may now be doubtful. But Russia has assured us that they will be helpful to us in this regard.

SHRI KAPIL VERMA : What about the foreign exchange crunch ? This is the main thing. How much foreign exchange you will have ?

SHRI M. S. GURUPADASWAMY : I am sorry. I did not answer that. Sir, last year, the foreign exchange spent for the import of crude was Rs. 6,400 crores. Because of the foreign exchange difficu.ties we are facing now, the Finance Ministry has fixed the same ceiling even for this year, 1990-91. This means, we have the same amount of foreign exchange as last year for importing oil and oil products which I have mentioned. There are bilateral contracts. But there will be a shortfall. The demand growth in the country has been quite large. The demand for petrol alone last year was 14.4 per cent and for diesel, a little more than 10 per cent. The overall growth in demand for the entire Seventh Plan was about 8.4 per cent. This year also this trend may continue. If we maintain this trend, the foreign exchange limit which has been prescribed is not adequate, but....

SHRI KAPIL VERMA : How much you have been given ?

MR. CHAIRMAN : He has said it. It is the same as last year.

SHRI M. S. GURUPADASWAMY : The limit which has been fixed for this year is the same as that of last year, namely, Rs. 6,400 crores. Therefore, I have been trying to persuade my colleague, the Finance Mifiister, to give us more foreign exchange because new developments have taken place in the world, in the oil sector. Price hike, lack of supply of crude, availability, etc. I am, therefore, trying to persuade....

MR. CHAIRMAN : He will try to get as much foreign exchange as possible.

SHRI M. S. GURUPADMSWAMY : It is a very difficult situation. Foreign exchange is the big constraint. That is why these measures I have introduced so as to bring about a climate of austerity. I want the public and all the sectors-industry, trade and agriculture—to co-operate with me. It is a national problem. It is a national crisis. Therefore, I would like every sector in the country and all my colleagues in Parliament to co-operate with me.

MR. CHAIRMAN : Including Mr. Kapil Verma. Mr. Pramod Mahajan. Now, you have to co-operate.

SHRI KAPIL VERMA : It is a national problem.

श्री प्रमोद महाजन : अध्यक्ष जी, जिस तेल के संकट की स्थिति में सरकार कमी है, हम स्वाभाविक उससे सहानुभूति रखते हैं और ... (**व्यवधान**) ....

श्री सभापति : और उनकी सहायता करेंगे :

श्री प्रमोद महाजन : सहायता तो मैं क्या करूं । आप जानते हैं कि मराठी में एक कहावत है कि रेती रगड़कर अगर तेल निकल जाए तो थोड़ी सहायता मैं कर सकता था अन्यथा ... (**व्यवधान**)

श्री सभापति : यह तेल तो रेत से ही आता है, रेगिस्तान से ही आता है ।

श्री प्रमोद महाजन : यहां के रेगिस्तान से नहीं आता ।

अध्यक्ष जी, मैं इसका दूसरा पक्ष पूछना चाहूंगा । यह (ग) में जो प्रश्न पूछा गया है कि "क्या पेट्रोल उत्पाद के मूल्यों में वृद्धि का कोई प्रस्ताव सरकार के समक्ष है और जैसा हमेशा की सरकार उत्तर देती है, उन्होंने यह कहा है कि वर्तमान में ऐसा कोई प्रस्ताव नहीं है ।

पिछला अनुभव यह है कि वर्तमान बड़ा ही सूक्ष्म होता है और जैसे ही संसद का अधिवेशन या इस प्रकार की घटनायें समाप्त हो जाती हैं पेट्रोल में उसकी वृद्धि हो जाती है । मैं इस दृष्टि में यह पूछना चाहता हूं कि आम धारणा यह है कि पेट्रोल का खरीद मूल्य 30 डालर बैरल होने के बाद भी आज जिस हिसाब से हम देश में प्रति लीटर बेच रहे उसमें खरीद का मूल्य और बेचने का मूल्य इसमें सरकार के कराधान का भारी अंतर है । तो मैं मंत्री महोदय से इस संबंध में दो उप-प्रश्नों से यह जानना चाहूंगा कि खरीद का मूल्य प्रति लीटर क्या हैं ? उस में प्रक्रिया का खर्च क्या है ? उसमें कराधान कितना है ? और अंतिम ग्राहक की कीमत कितनी है ? और इस दृष्टि से मैं उसमें दूसरा पूरक प्रश्न यह चाहूंगा कि इस बड़े कराधान को देखते हुये क्या सरकार सदन को और सदन के माध्यम से देश को आश्वस्त करेगी कि इस संकट के बावजूद भी भारतीय ग्राहक को कम से कम आने वाले भविष्य में एक-आध साल कम से कम मैं मानता हू एक वर्ष में किसी प्रकार की ज्यादा वृद्धि नहीं नहीं देनी पड़ेगी ? क्या इसके बारे में सरकार आश्वस्त करेगी । मैं एक प्रश्न का कम से कम समय मांग रहा हूं ।

SHRI M. S. GURUPADASWAMY : Sir, he wants me to reply in one minute but he has taken more than one minute. Anyway.

We are having administered price so far as petroleum products are concerned and it is a complicated structure.

MR. CHAIRMAN : His question is, what is the cost....

SHRI M. S. GURUPADASWAMY : That is why I am saying it is very complicated because of certain factors. We are subsidising perhaps the Member is aware that we have got subsidised sector in petroleum and non-subsidised sector also. We are not subsidising petroleum, that is, motor spirit. We are diesel subsidising kerosene, anphtha, furnace oil and the like. We are

subsidising these products with a view to help the industry and also help the vulnerable section in our community. Broad. community. Broadl community. Broadly, the approach for price fixation is to see that no sector is put into difficulty, vulnerable section is looked after and at the same time, it will have to generate enough resources for future development. This is broad approach.

SHRI PRAMOD MAHAJAN : He can tell me that the selling price is less than the purchasing price. I don't mind this telling that.

SHRI M. S. GURUPADASWAMY : I have told you that the selling price of kerosene is much less than the cost.

SHRI PRAMOD MAHAJAN : I am asking you the cost of petroleum products including petrol.

SHRI PRAMOD MAHAJAN: I am asking you the cost of petroleum products including petrol.

SHRI M. S. GURUPADASWAMY: You are making it more truncated, I am making it more comprehensive. I am giving you full picture. We are subsidising all this, and kerosene we are selling at a price less than the cost Price. Therefore, this is the picture. We are having a constant review of the structure. At the present moment , as I have said, we are not proposing to increase the price.

MR. CHAIRMAN: Are you willing to commit that you will not raise the price for one year?

SHRI M. S. GURUPADASWAMY: I annot give that assurance.

SHRI DAYANAND SAHAY: Sir, we all know that the price of petroleum products in our country is higher than in almost all the other developing countries. Our friend Pramod Mahajan has rightly asked f or an assurance that there will be no rise. I would like to know whether the price of our petroleum has any relation, any formula related to the OPEC price where it is guided by some formula. Or, is it a *suo motu* source of tax collection in our country?

SHRI M. S. GURUPADASWAMY: Sir, it is a very broad question. There is no *ad hocism* in our approach to evolve price structure. Norms have been fixed. If you ask a separate question I will come out with those norms.

Let me tell the hon. Member that there is no adhocism in this, there is no whimsicality in increasing the prices. There are definite norms and these norms have always been applied.

DR. NARREDDY THULASI REDDY: Sir, the only way to come out of this problem is to increase the the indigenous production of crude oil. But efforts in this direction are not at all satisfactory. For examine, in Andhra Pradesh, apart from.....

MR. CHAIRMAN: You put your question. He knows about Andhra Pradesh, I know it and you know it.

DR. NARREDDY THULASI REDDY: For indigenous production of petroleum products, on-shore and off-shore, there are many regions. In the preliminary survey in Andhra Pradesh, apart from the Godavari basin, Krishna basin, Cuddapah basin was also found to be abundantly rich in natural gas and petroleum. But so far no efforts have been made in this direction. I would request the Minister to increase experimental drilling, off-shore and on-shore.

SHRI M. S. GURUPADASWAMY: Sir, I welcome the suggestion of my hon. friend. It isalso our effort to see that explorations are conducted more intensely is future, so that we may have more petroleum products or oil products and gas. I endorse his suggestion and I am at it

and we are taking up more and more areas for this purpose.

SHRIMATI VEENA VERMA: May I know from the hon. Minister whether Government has received a detailed scheme from ONGC for the use of compressed natural gas in place of petrol and diesel? If so, what is the Government's reaction to this scheme and whether Government is going to enforce it?

SHRI M. S. GURUPADASWAMY: Yes, Sir, we have a report from the ONGC and we have our own study made in this regard. But before I go into that, may I just add because I forgot to give one information to the previous questioner. He said that our petroleum prices are costlier comparatively. It is not so. There are countries where the petroleum prices are more than in India. So what he has said in not correct.

MR. CHAIRMAN: Now you come to her question.

SHRI M. S. GURUPADASWAMY: Coming to her question, Sir it is true and we are making a study of this. We are looking for alternative fuels. One alternative fuel is gas, utilisation of gas for various uses. The compressed natural gas (CNG) can be used in vehicles also. That is being tried and we have been trying it. But even countries which tried this are not fully successful. For instance, in Brazil, Netherland, New Zealand, they are experimenting. We are also experimenting. So I take your suggestion, it is a very valuable suggestion and we are looking into this very seriously.

MR. CHAIRMAN: Question No. 142. Absent. Question No. 143.

(Q. No. 142—hon. Members absent)

[*The Questioners Shri Ashwani Kumar and Atal Bihari Vajpayee were*

Inquiry Committee report on aircrash at Ahmedabad

*143. KUMARI SAYEEDA KHATUN:†
SHRI KAPIL VERMA :

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Government have received the report of the Inquiry committee which conducted a porbe in to the aircrash at Ahmedabad; if so, what are the finidngs there of; and

(b) what follow up measures have been taken by Government?

THE MINISTER OF INFORMATION AND BROADCASTING AND PARLIAMENTARY AFFAIRS (SHRI P. UPENDRA): (a) The report of the Court of Inquiry which investigated the Ahmedagad aircrash has been received. The cause of the accident is "error on the part of the pilot-in-command as well as co-pilot due to non-adherence to laid down procedures under poor visibility conditions."

(b) Government has accepted the recommendations which are aimed at enhancing the safety of aircraft operations.

कुमारी सईदा खातून : सभापति जी, मैं माननीय मंत्री जी से यह जानना चाहती हूं कि जो प्रश्न है उसमें पूछा गया है कि क्या अहमदाबाद में हुई विमान दुर्घटना के संबंध में जांच न्यायालय की रिपोर्ट प्राप्त हो गई है, यदि हां, तो उसमें कौन कौन से मुद्दे उठाए गए हैं और उस रिपोर्ट को लागू किस हद तक किया गया है ताकि आइन्दा ऐसी दुर्घटनाएं न हों, इस पर क्या रोशनी डाली गई है इस बारे में बताएंगे ?

†The Question was actually asked on the floor of the House by